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144

FOREIGN SERVICE DESPATCH

F790004-1089

FROM : AMEMBASSY, GUATEMALA

171
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

August 21, 1953
DATE

REF : --

AUG 22 1953

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			AG CCM FRB LAB TR XMB ARMY NAVY AIR CIA OSD FSB

SUBJECT: WEEKA NO. 34 - ECONOMIC SECTION

Action Assigned to

DECLASSIFICATION DATE 11Sep78

PER Chamberlain OFFICE ARA

FADRC FOI CASE NO. 740332

Action Taken

SECTION II

8-28-53

Title of Action

140

Office Symbol Vinnette

Corn Surplus

The possibility of exporting part of Guatemala's anticipated large 1953 corn crop and thus avoiding a ruinous decline in prices which might [illegible] among small farmers was seen in the arrival in Guatemala this week of Sr. Miguel RASCON, an official of Mexican Export-Import Co., S.A. (CEIMSA), to discuss the purchase of 50,000 tons of Guatemalan corn. The press reported that CEIMSA, a Mexican Government agency engaged in buying staples for resale to the Mexican people at low prices, was dealing directly with the Guatemalan Government and that Sr. Rascón had been authorized to make all arrangements necessary for closing the transaction.

Files

Corn is the chief crop of small landholders in Guatemala and is cultivated by the majority of persons who have received land under the Agrarian Reform Law. Their combined production has led to a 1953 crop estimated at 575,000 tons, as compared with 500,000 tons in 1952. Corn prices usually drop substantially in early autumn when the major summer harvest is marketed. Hence, if prompt remedial action is not taken, this year's large surplus may cause distress and discontent among a sector of the population whose political support the Government desires. In 1952 the Government attempted to stabilize prices by offering to support the price of corn at $3.00 per hundred pounds through open-market operations but the program failed because of financial limitations and the lack of storage facilities. Prices declined from $3.14 per hundredweight in January 1952 to $1.75 in September.

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Page No. 171
From: Guatemala

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Dept. No.
From

F790004-1090

Commerical Policy

The Guatemalan Government's attempts to diversify its foreign markets and sources of supply were highlighted this week by reports that a bilateral trade agreement with Switzerland was being discussed with a representative of the Swiss Government and that a Japanese mission had arrived to resume the conversations initiated in March regarding a commercial treaty (WEEKA No. 11). Details of the negotiations have not been made public but the press states that the Japanese have indicated their interest in buying Guatemalan products and that a treaty with that country may be signed soon.

Guatemalan imports from Switzerland in 1952 were $747,042 and exports were $209,492, principally coffee; 1952 imports from Japan were $153,928 and there were no exports.

The campaign against the United States-Guatemala trade treaty continued as the new Communist party daily Tribuna Popular in its fourth edition headlined a demand that the Government denounce the agreement. It will be recalled that last week the Communist-dominated General Confederation of Labor (CGTG) attacked the United States treaty as a primary cause of the high cost of living (WEEKA No. 33).

Rudolf E. Schoenfeld

cc: Amembassies - Bern and Tokyo.

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